

Acceptance of E-banking among Adult Customers: An Empirical Investigation in Kashmir Region

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ABSTRACT

The world is changing at a staggering rate and technology is considered to be the key driver for these changes around us. Many activities are handled electronically due to the acceptance of information technology at home as well as at workplace .slowly but steadily, the Kashmiri customer is moving towards the internet banking. Today most of the banking happens while you are sipping coffee or taking an important call. ATMS are at your doorsteps Banking services are accessible 24x7. There are more plastic cards in your wallet than currency notes. A huge part of this change is due to advent of IT. Banks today operate in a highly globalized, liberalized, privatized and a competitive environment. In order to survive in this environment banks have to use IT. Indian banking industry has witnessed a tremendous developments due to sweeping changes that are taking place in the information technology. Electronic banking has emerged from such an innovative development. E-banking or online banking is a generic term for the delivery of banking services and products through the electronic channels such as the telephone, the internet, the cell phone etc.

The concept and scope of e-banking is still evolving. It facilitates an effective payment & accounting system thereby enhancing the speed of delivery of banking services considerably. Several initiatives have been taken by the Government of India as well as the RBI (Reserve Bank of India); have facilitated the development of e-banking Kashmir. The government of India enacted the IT Act, 2000, which provides legal recognition to electronic transactions and other means of electronic commerce.

Keywords: Customer understanding aged customers, online banking, security and threats, Kashmir Region

I. INTRODUCTION

E-banking is a combination of two words, Electronic technology and banking. Electronic banking is a process by which a customer performs banking transactions electronically without visiting a brick-and-mortar institutions. E-Banking is known by various names like personal computer banking, internet banking, virtual banking, online banking, & phone banking. PC banking & internet or online banking is the most frequently used designations. It should be noted, however, that the terms used to describe the various types of electronic banking are often used interchangeably. Electronic banking is an activity that is not new to banks or their customers. Banks having been providing services to customers electronically for years through software programs. E-

Banking includes the systems that enable financial institutions, customers, individuals or businesses to access accounts, transact businesses, or obtain information on financial products & services through private or public network including the internet, customers access e-banking services using an intelligent electronic device. The e-banking was firstly introduced in India by the ICICI around 1996, thereafter many other banks like HDFC, IDBI, CITI BANK, trust banks, UTI, etc. Followed the services. As today private & foreign banks had started capturing the market through e-banking hence "the competition is heating up & the lack of technology can make a bank lose a customer" so now the public banks are breaking the shackles of traditional set-up & gearing up to face the competition posed by the private sector counter parts.

II .LITERATURE REVIEW

E-banking in India

In India e-banking is of fairly recent origin. The traditional model for banking has been through branch banking. Only in the early 1990s there has been start of non-branch banking services. The good old manual systems on which Indian banking depended upon for centuries seem to have no place today. Approximately one percent of high and middle-income group banking customers conducted banking on the internet in 2000 compared to 5 to 6 percent in Singapore and south Korea. In 2001, a Reserve Bank of India survey revealed that more than 20 major banks were either offering e-banking services at various levels or planned to do so in the near future.

The credit of launching internet banking in India goes to ICICI Bank. Citibank and HDFC Bank followed with internet banking services in 1999. Several initiatives have been taken by the Government of India as well as the reserve bank to facilitate the development of e-banking in India. The Government of India enacted the IT Act, 2000 with effect from October 17, 2000 which provided legal recognition to electronic transactions and other means of electronic commerce. The Reserve Bank is monitoring and reviewing the legal and other requirements of e-banking on a continuous basis to ensure that e-banking would develop on sound lines and e-banking related challenges would not pose a threat to financial stability. A high level committee under chairmanship of Dr.K. C. Chakrabarty and members from IIT,IIM,IDRBT, Banks and the Reserve Bank prepared the „IT Vision Document-2011-17,for the Reserve Bank and banks which provides an indicative road map for enhanced usage of IT in the banking sector. To cope with the pressure of growing competition, Indian commercial banks have adopted several initiatives and e-banking is one of them. The Competition has been especially tough for the public sector banks, as the newly established private sector and foreign banks are leaders in the adoption of e-banking. Indian banks offer to their customers following e-banking products and services:

- *Automated Teller Machine
- *Internet banking
- *Mobile banking
- *Phone banking
- *Tele banking
- *Electronic clearing services
- *Electronic clearing cards
- *Smart cards
- *Door step banking

*Electronic fund transfer

The three broad facilities that e-banking offers are:

*convenience-complete your banking at your convenience in the comfort of your home.

*No more Qs- There are no queues at an online bank.

*24x7 service- Bank online service is provided 24 hours a day, 7 days a week and 52 weeks a year.

III. MEDIUMS OF E-BANKING

Electronic banking, also known electronic fund transfer (EFT), Uses computer and electronic technology as a substitute for checks and other paper transactions. EFTs are initiated through devices like cards or codes that let you, or those you authorize, access your account. Many financial Institutions use ATM or Debit cards and personal identification numbers (PINS) for this purpose. Following are the electronic mediums by which services are generally provided by the banks as a part of e banking services.

1. Internet Banking
2. ATM(AUTOMATIC TELLER MACHINE)
- 3 .Phone Banking
4. Mobile Banking
5. Payment cards (debits/credit card)

All the above mediums provide services, which can be, also known as "any time anywhere banking".

This facilitates the customer of the bank to operate their account from any corner of the world, without visiting local or any subsidiary branches of their banks. Efforts are by the bank not only to provide the facility to the customer, but also to reduce the operational cost of the bank by providing e- banking services. So with this banks have to employ less staff and still would be able to deliver services to the customers, round the corner.

IV. RESEARCH GAP

The review of literature suggest that most of the studies have been done on issues related to Internet banking in countries like USA, Malaysia and UK (Mukti, 2000; Chung and Paynter, 2002; Sohail and Shanmugham 2004) and Saudi Arabia (Sohail and Shaikh, 2007). Much work has not been done in India especially in Kashmir Region with regard to Internet banking issues. The present study intends to know the factors affecting the acceptance of aged customers and also their level of concern regarding security and privacy issues in Indian context in general and Kashmir in Particular.

V. RESEARCH HYPOTHESES

It is indeed essential to emphasize the fact that the Kashmiri culture is different from the rest of the country where previous research was conducted. The researchers predicted that the familiarity and economic benefits of using the Internet has a significant impact on the acceptance of Electronic banking. If adult customers are not used to accessing the Internet frequently, and if they do not trust the Internet as a secure environment to conduct financial transactions, then it is nearly impossible for them to accept Electronic banking. Therefore, the following is hypothesized:

Threat and privacy has significant impact on adoption of Internet banking among aged customers.

Trust among the customers can have a very high impact on adoption of Electronic Banking.

Awareness has a great role to play.

VI . RESEARCH METHODOLOGY AND DESIGN

6.1 Research Instrument

6.2 Research Design

6.3 Sample Description

6.4 Data Collection

6.5 Reliability Analysis

6.1 Research Instrument

To achieve the above objectives, both primary and secondary data has been used for the completion of the study. The questionnaire used for collecting the primary data from adult customers was designed after proper consultation and discussion with expert of the subject and after reviewing the relevant literature. The questions were focused on the extent to which adult people use the internet and purchase items using online methods. Following respondents were asked if they were aware of online banking and whether they were willing to experience it had there banks provided sufficient support. The questionnaire was divided into 6 parts consisting of 27 questions. The first part consisting of 6 items related to respondents demographics. The second part consisting of six items was designed to measure the security & privacy, the third part consisting of consisting of six items was designed to measure the trust, the fourth part consisting of 4 items was designed to measure the innovativeness, the fifth part consisting of 2 items was designed to measure the familiarity and the last part consisting of 3 items was designed to measure the awareness of e-banking among adult customers.

6.2 Research Design

Since this study aims at revealing the acceptance of e-banking among adult customers, an attempt has been made to make the sample as representative as possible. However, due to time and financial constraints, the study is confined to Kashmir valley only. Kashmir valley is further divided into eight assembly constituencies and out of eight, four assembly constituencies are being selected for the present study. The customers of the selected constituencies have significant relationship with the e-banking activities such as buying and selling through online stores and making payments through their ATM cards and like. All the important demographic characteristics like gender, age, qualification, income, computer literacy, preferred method of performing banking transactions were taken into consideration, further some more factors such as security and privacy, trust, innovativeness, familiarity, awareness, were also taken into account while seeking the responses from the customers regarding the acceptance of e-banking among adult customers. All these characteristics have an important bearing on the users of e-banking. Efforts were made to give a balanced representation to above demographic characteristics as to make the sample representative.\

6.3 Sample Description

In order to control the influence of all important demographic characteristics on the overall results of the study, care has been taken that sufficient number of respondents are drawn from different socio-economic groups-gender, age, qualification, income, computer literacy and preferred method of performing banking transactions. All these demographic characteristics have an important bearing on the acceptance of e-banking among adult

customers. The effort was made to give a balanced representation to above demographic characteristics to make the sample representative.

Gender

From the analysis of table 1.1 related to gender, the data clearly shows that male respondents, as expected, where highest in number (59%) followed by female

Table 1.1 Demographic Profile Of Respondents as per Gender

GENDER	FREQUENCY	PERCENTAGE
MALE	118	59
FEMALE	82	41
TOTAL	200	100

Age

The data on table 1.2 clearly shows that majority of respondents (60%) belongs to the age group of 35-45 years followed by the age group of 46-55 years (17%) and 56-65 years (15.5%).The data further reveals that minority of the respondents belongs to the age group of more than 65 years (7.5%).

Table 1.2 Demographic Profile Of Respondents as per AGE

AGE	FREQUENCY	PERCENTAGE
35-45	120	60
46-55	34	17
56-65	31	15.5
MORE THAN 65	15	7.5
TOTAL	200	100

Qualification

The result shows that out of 200 respondents, majority of respondents (44%) are masters followed by professionals (27.5%) and up to 12th (15%) and the remaining respondents (13.5%) belongs to graduates.

Table 1.3 Demographic Profiles Of Respondents as per Qualification

QUALIFICATION	FREQUENCY	PERCENTAGE
UP TO 12 th	30	15
GRADUATE	27	13.5
MASTERS	88	44
PROFESSIONAL	55	27.5
TOTAL	200	100

Income

The data on Table 1.4 clearly shows that 48% of the respondents who are using E-banking fall under the income category of 30001-45000 and 19% fall under the income category of less than 15000 and 16.5% falls in the income category of 15001-30000 and more than 45000 respectively.

Table 1.4 Demographic Profile Of Respondents as per Income

LEVEL OF INCOME (P.M)	FREQUANCY	PERCENTAGE
LESS THAN 15000	38	19
15001-30000	33	16.5
30001-45000	96	48
MORE THAN 45000	33	16.5
TOTAL	200	100

Level Of Computer Literacy

The data on Table 1.5 is related to the level of computer literacy among the customers, the data clearly shows that majority of respondents (54%) are advanced in computer literacy followed by experts (23.5%) and beginners (12%) and the remaining are those who dnt know how to operate computer (10.5%).

Table 1.5 Demographic Profile Of Respondents as per Computer Literacy

LEVEL OF COMPUTER LITERACY	FREQUANCY	PERCENTAGE
EXPERT	47	23.5
ADVANCED	108	54
BEGINNERS	24	12
DON'T KNOW HOW TO OPERATE COMPUTER	21	10.5
TOTAL	200	100

Method Of Performing Banking Transction

The data on Table 1.6 clearly shows that (44.5%) of the respondents are performing banking transactions through ATMS and (33%) are performing through visit bank followed by (13%) which are performing through internet banking and the remaining (9.5%) are performing through telephone.

Table 1.6 Demographic Profile of Respondents as per Method Of Performing Banking Transactions

METHOD OF PERFORMING BANKING TRANSCCTIONS	FREQUANCY	PERCENTAGE
ATMs	89	44.5
VISIT BANK	66	33
TELEPHONE	19	9.5
INTERNET BANKING	26	13
TOTAL	200	100

6.4 Data Collection

To achieve the objective of the study, data was collected from both primary and secondary sources. The study, however, is based on primary data gathered through self-developed questionnaire. Questionnaire was designed in the structured objective pattern focusing on the research objectives.

The secondary data has been collected from the previous research findings, scholarly reports, and through different sources of literature viz; journal of financial service management, international journal of bank marketing, journal of internet banking and commerce, journal of services marketing and various internet sites

6.5 Cronbach's Alpha Test Of Reliability

Cronbach's Alpha Test of Reliability is the most popular estimate for measuring the internal consistency (reliability) of items in a scale. In other words it measures the extent to which the responses collected for a given item correlates with each other (Garison, 2002).The result of this test produce an alpha score, which is a number ranging between 0 and 1. According to Garson (2002) the highest alpha score is, the more reliable the measured construct is. Furthermore, according to Nunnally and Bernstein (1944) score exceeding 0.7 indicates high internal reliability of the scale items, but there are still researchers who use different cut-off alpha scores like 0.8 or even 0.6 (Gason, 2002)

In order to provide the internal reliability of the scale used, the researcher performed Cronbach's Alpha Test of Reliability. The alpha valves for all factors vary from 0.55 to 0.91 which are considered acceptable for this type of study (Nunnally, 1978). This reveals that the variables load properly on these five factors.

VII. RESEARCH FINDINGS

First of all we have performed the factor analysis for the five-multi item measures by utilizing principal component extraction process with varimax rotatition. A best measure of factor loading of 0.5 or greater is adopted as a benchmark to know the reliability of all measures. The measurement items are classified into the five independent variables. The eigenvalues of all factors exceed 1.0, and about 75 percent of total variance is explained by these five factors. These factors are labelled as security & privacy, trust, innovativeness familiarity and awareness.

VIII .CONCLUSION AND RECOMMENDATIONS

In a State like J&K, there is need for providing better and customized services to the customers. Banks must be concerned the attitudes of adult customers with regard to acceptance of online banking. It shows that adult customers are more reluctant to join new technologies or methods that might contain little risk. It's also important to note that some adult customers are interested in online banking; however, they do not possess the necessary computer literacy to conduct it. In addition banks should design the website to concern security and privacy issues.

The recommendations to the banks are that they have to increase the level of trust between banks' website and customers. Because customer perception on security and privacy aspect have been seen in the literature. The importance of security and privacy for the acceptance of internet banking has been noted in many banks study and found that people have weak understanding of internet banking, although they are aware about risk. Banks noted that although consumer confidence in their bank was strong yet their confidence in the technology was weak through many studies. It is clear those adult customers are ready to adopt online banking if banks take necessary action. There are following strategies should be applied by banks.

- Banks should ensure that online banking is safe and secure for financial transaction like as traditional banking.
- Banks should go for introduction of seminar and conference to educate the customer regarding uses of Electronic banking
- Some aged customers have lack of computer skills. They need to be educated on basic computer operation
- Banks must work on to convenience that online banking can provide to aged people, such as avoiding large queue,

LIMITATIONS AND SCOPE OF FURTHER RESEARCH

This research serves beginning step in exploring customers' views and expectations on Electronic banking. However, it is limited by the following factors:

1. The sample was given to aged educated customers only. The question ware was not given to less computer knowledge people
2. It would have been appropriate that sample size should have been high but due to certain compulsion the less sample size was taken

Further research is required to investigate and know the issues related to Electronic banking in deeper manner and to take threats and security issues elaborately

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